

R2

USAID/CENTRAL ASIA REGION - TURKMENISTAN

Results Review and
Resource Request (R4)

4 APRIL 2000

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The R4 is a "pre-decisional" USAID document and does not reflect results stemming from formal USAID review(s) of this document.

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Table of Contents

R4	1
Table of Contents	3
Glossary of Acronyms	4
R4 Part I: Overview/Factors Affecting Program Performance	5
Turkmenistan.....	5
R4 Part I: Overview and Factors Affecting Program Performance	5
R4 Part II Results Review by SO	8
Text for SO a	8
Text for SO b	15
Text for SO c	21
Text for SO d	25
Text for SO e	30

Glossary of Acronyms

ABA/CEEI - American Bar Association/ Central and East European Law Initiative
ADRA - Adventist Development and Relief Agency
AIHA - American International Health Alliance
CAAEF - Central Asian-American Enterprise Fund
CAR - Central Asian Region
CBT - Central Bank of Turkmenistan
CDC - Centers for Disease Prevention & Control
COTR - Contracting Officer's Technical Representative
DOTS - Directly Observed Treatment, Short Course
EBRD - European Bank for Reconstruction & Development
EEUD - Officer of Environment, Energy & Urban Development
ENI - Bureau for Europe and the New Independent States
ENR - Environment & Natural Resources
FSN - Foreign Service National
FY- Fiscal Year
GDP - Gross Domestic Product
GOT - Government of Turkmenistan
GTZ - German Agency for Technical Cooperation
HOPE - Health Opportunity for People Everywhere
IEE - Initial Environmental Examination
IFI - International Financial Institutions
IMF - International Monetary Fund
ISAR - Initiative for Social Action and Renewal in Eurasia
IR - Intermediate Result
MO - Mission Order
NGO - Non-governmental organization
OEEI - Office of Energy & Environmental Initiatives
OSCE - Organization for Security and Cooperation in Europe
PVO - Private Voluntary Organization
R4 - Results, Review and Resource Request
SME - Small and Medium-sized Enterprise
S.O. - Strategic Objective
TB - Tuberculosis
UN - United Nations
UNDP - United Nations Development Programme
UNICEF - United Nations Children Fund
EU/TACIS - European Union / Technical Assistance for Commonwealth of Independent States
USAID - United States Agency for International Development
USAID/CAR - USAID/Central Asian Region
USDA - United States Department of Agriculture
WHO - World Health Organization

R4 Part I: Overview/Factors Affecting Program Performance

Turkmenistan

R4 Part I: Overview and Factors Affecting Program Performance

I. OVERVIEW AND FACTORS AFFECTING PROGRAM PERFORMANCE

Introduction

The United States has a strategic and economic interest in Turkmenistan becoming economically viable, politically progressive, and well integrated into international political and economic institutions. It has long borders with Iran and Afghanistan, as well as close proximity to the Caucasus, the Middle East, and South Asia. As an energy-importing nation, the United States is interested in ensuring that Turkmenistan's energy potential is realized. Turkmenistan possesses the world's fourth largest natural gas resources as well as significant oil reserves. It has the potential to become an important player in world energy markets.

The Development Challenge

At the break-up of the Soviet Union, Turkmenistan was the country least prepared for change. When independence came in October 1991, the country had a very small industrial base and highly centralized political and economic systems. It still lags behind the other newly independent states in making progress toward a democratic society and a market economy.

There are a number of reasons for the lack of substantial progress toward democracy and a market economy. Turkmenistan remains a resolute one-party state with power vested in a communist-turned-nationalist leadership. The current leadership avoids changes that might entail significant loosening of state control over the economy or rapid political liberalization. It argues that such measures will cause instability and the deprivation of livelihoods for the working class. The European Bank for Reconstruction and Development (EBRD) ranks Turkmenistan the lowest of any NIS country in economic policy reform.

The general economic situation continues to deteriorate. Up until early this year, export revenues remain depressed following the March 1997 decision to suspend gas exports through the Russian pipeline system. Gas exports to Russia have now resumed and the initial schedule payments have enabled the Government to keep current on its priority foreign debt. Oil production and exports have increased and the rise in global oil prices has provided some welcome foreign exchange earnings. The prospect of a Trans-Caspian pipeline to export Turkmen gas to Turkey offers promise for the future, but the near-term outlook continues to be bleak. USAID work in the energy and environment sector is covered in detail in the Regional Presentation.

While there have been modest gains in collecting tax revenues, the overall amount received falls well short of the amount required to balance spending. A significant portion of the budget operates on a non-cash basis. Expenditures have been reduced, especially in health and education, and the

available budget resources are still barely adequate to meet priority-spending categories on a timely basis. Although the official and parallel market foreign exchange rates remained unified for much of 1998, the parallel market rose to about three times the official rate and maintained that ratio throughout 1999. Inflation that was held in check throughout much of 1998 rose to an annual rate of 25% by mid-year 1999 and was estimated at 23.5% at year-end. To keep afloat, the Government of Turkmenistan (GOT) has resorted to international borrowing at commercial rates. Foreign direct investment remains low, although there is considerable interest by foreign investors in the energy sector. There has been very little progress in real structural reform. According to EBRD estimates, the private sector's share of GDP remains a dismal 25%, far lower than the private sector's share of the GDP in all of the neighboring countries.

Turkmenistan has made little progress in moving from a Soviet-era authoritarian style of government to a democratic system. The national leadership exercises firm control over a highly centralized government structure with no freedom of the press and no tolerance for opposition political parties. Parliamentary elections were not held on a "wide democratic basis" which the GOT promised. Although there were at least two candidates for each of the 50 deputy seats, they were handpicked from the ranks of the Democratic Party (the former Communist Party), and government-controlled professional unions and social organizations. The Institute for Democracy and Human Rights (IDHR), which has a mandate to foster democratization of the state and protect human rights, is in full operation. USAID has been assisting IDHR to identify institution building needs. The non-governmental sector is growing, in spite of continued government pressure.

Eight years after independence, the average Turkmen faces hardships caused by unemployment, inflation, poorly funded government services, and a deteriorating physical environment caused in part by the current set of national policies. Many, particularly outside the capital, suffer from poor nutrition and disease, especially water-borne and infectious diseases. This is especially critical for women and children.

Partnerships, training and exchanges remained an important component of US assistance. USAID trained over 330 reform-minded government leaders and professionals in areas directly related to democracy and a free-market economy. Thirty-five percent of the trainees were women. USAID's successful third-country training allows participants to observe positive reform in other Central Asian Republics.

Other Donors

The World Bank has restarted its lending program with projects aimed at improving rural health and incomes. The World Bank and USAID are collaborating in the agricultural sector to expand integrated pest management. The EBRD makes credit available for projects contributing to restructuring of the national economy, especially for the modernization of agriculture-related industries and oil and gas production. The European Union (EU) supports improved agricultural production and processing, energy, and private sector development. The United Nations Development Program (UNDP) supports economic reform and management, the health and education sectors, and environmental protection. The United Nations Children's Fund assists with

maternal and childcare. Other donors include the Turkish International Cooperation Agency, the British Know How Fund, and United Nations High Commission for Refugees.

FY 2001 Program

Recognizing the potential of the oil and gas sector as an engine for future growth, USAID seeks to encourage private foreign investment to develop the sector. Working closely with the Turkmen Government, we will improve the operations of regulatory institutions, establishing international standards and practices and ensuring greater environmental protection.

USAID assistance will be realistic but opportunistic in supporting fledgling NGOs, concentrating on community participation, mobilization and decision-making such as water user groups, social partnerships and professional associations. USAID assistance will stress the importance of the rule of law and the role of civil society organizations as partners with the state to alleviate social problems and lead local community development. The emphasis in health will be on clinical training and education in infectious disease control and family medical care. To provide important data for decision making, USAID will support a Demographic Health Survey. A health partnership is training family medicine practitioners and nurses in evidence-based medicine at the primary health care level. USAID is also seeking to expand women's understanding of their own reproductive health needs and family planning choices by strengthening a network of reproductive health units. Other support will include credit to small and medium enterprises and business/economic education and training.

Faced with a national leadership with little political will to change, a greater share of USAID's resources will go toward training and educational activities for Turkmen youth and students in the hopes of providing a better understanding of political and economic realities in the future generation.

R4 Part II Results Review by SO

Text for SO a

Country/Organization: Turkmenistan, USAID/CAR

Objective ID: 120-012-01

Objective Name: Increased soundness of fiscal policies and fiscal management practices

Self Assessment: Not Meeting Expectations

Self Assessment Narrative: Even though the primary indicator, the general deficit as a percentage of GDP, surpassed its target, the official data cannot be verified, and consequently little confidence can be placed in this SO result. The Government of Turkmenistan (GOT) is totally out of compliance with conditionalities of international financial institutions and continues to use the Central Bank's credits to finance its deficit.

Primary Link to Strategic Agency Framework: 1.1 Private Markets
(please select only one)

Secondary Link to Strategic Agency Framework:
(select as many as you require)

- | | |
|--|--|
| <input type="checkbox"/> 1.1 Private Markets | <input type="checkbox"/> 1.2 Ag Development/Food Security |
| <input type="checkbox"/> 1.3 Economic Opportunity for Poor | <input type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input type="checkbox"/> 2.2 Credible Political Processes | <input type="checkbox"/> 2.3 Politically Active Civil Society |
| <input checked="" type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Ed/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Ed/Sustainable Development | <input type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input type="checkbox"/> 4.4 HIV/AIDS | <input type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input type="checkbox"/> 5.5 Natural Resource Management | <input type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: Economic Prosperity

Primary Link to MPP Goals: Economic Development

Secondary Link to MPP Goals (optional): Regional Stability

Summary of the SO:

The GOT faces a potentially severe fiscal crisis. The nation's financial conditions have worsened, in large part due to a sharp drop in export revenues when Turkmenistan ceased exporting gas through the Russian pipeline system.

Achieving this objective would help combat the worsening economic situation by improving budgetary and expenditure policies and by offering a more rational allocation of scarce government resources. USAID assistance enables the government to make positive changes in budget management procedures. The pace of change will likely be too gradual to avoid a fiscal crisis - especially in the absence of an IMF macroeconomic program. Turkmenistan is the slowest country in the region to move toward market liberalization. It has made little progress in privatization and financial sector reform or in liberalization of its trade regime. Slight progress has been made in price liberalization; the government has maintained price controls on energy products and subsidized some basic consumer goods.

The direct beneficiaries of this strategic objective are the national and local government agencies that need sound budget policies, government employees and all entities with which the government is in arrears. Indirect beneficiaries would include all Turkmen citizens. Sound fiscal policies and management practices contribute to both short- and long-term economic stability and make a significant contribution toward the growth potential of the economy.

Three key results are necessary to achieve this strategic objective: 1) improved budget management; 2) less inflationary government borrowing; and 3) the compliance with the conditions of international financial institutions, particularly the World Bank and the IMF.

Key Results:

Overall progress in achieving this objective in 1999 did not meet expectations. The primary indicator, namely the general deficit as a percentage of GDP, was 1.6% according to official estimates, compared to a target of 2.0%. However, no confidence can be placed in the official deficit estimates, the accuracy of which cannot be verified. The budget department claims a deficit of 1.6%, while the Treasury Department claims a deficit of 0%. Government borrowing continued to be inflationary. The target for Central Bank of Turkmenistan financing of the deficit was 40%. As it turned out, however, 100% of deficit financing was through central bank credit. Finally, the government was not able meet any conditions with the IMF. As a result, the IMF withdrew its country representative during the fall of 1999. On the other hand, budget management has been improved with off-budget share of expenditures accounting for only 8% of the consolidated National Budget. This exceeds our target of 20% for 1999.

Performance and Prospects:

The budget operates increasingly on a non-cash basis, with mutual offsets, barter and in-kind payments obscuring the government's underlying net position. Cash revenues accounted for only 50% of total revenues in 1999. The government has also extended substantial subsidized directed credits to the agricultural sector. The latter are rarely paid back, effectively resulting in money creation by the central bank.

The Ministry of Finance has responded positively to USAID's recommendations on fiscal policy. The government has incorporated most of the suggestions into its FY 2000 budget documents, all

of which were passed by the parliament. In FY 1999, an estimated 92% of the government's agencies were identified in the budget document compared to an estimated 30% in FY 1998. The FY 2000 budget document includes all known spending agencies. The FY 2000 budget document significantly increased the quality and quantity of financial information made available to the cabinet and the parliament. In contrast to previous practice, the document was topically organized and specifically separated and presented in volumes: central budgets and expenditures; local government budgets; state funds; and capital investments.

Using models developed during the formulation of the FY 2000 budget, the GOT plans to introduce performance budgets government-wide in FY 2001. Budget components will include: 1) cost centers; 2) a financing plan; 3) performance data; 4) expenditure estimates in economic classification order; and 5) an interpretive commentary. An upgraded computer system, financed by USAID, the World Bank and UNDP, will facilitate and sustain the introduction of recommended reform practices and will permit the introduction of accounting software to support reformed budget procedures.

Possible Adjustments to Plans:

To date the changes made by the GOT in the budget area represent more form than substance. They do not reflect an underlying commitment on the part of the GOT to reform its fiscal position as has been done in Kazakhstan and Kyrgyzstan, for example. While USAID-led efforts do provide the GOT with new tools that can be used to better manage its budget, it is not clear that the government is committed to using the tools in an effective manner.

As a consequence of this weak performance, USAID plans to terminate this SO in its upcoming Strategic Plan and continue any relevant budget activities under the Health SO and Energy SO.

Other Donor Programs:

The IMF does not currently have a macroeconomic program. It ceased providing limited technical assistance to the central bank and the Ministry of Economy and Finance in 1999. EU/TACIS, through GTZ, has provided assistance to revise the Tax Code. It will cease assistance during 2000. The World Bank will restart its technical assistance and training in automation of the Ministry of Economy and Finance. The UNDP has an agreement with this ministry to provide technical assistance and training in the budget reform area.

Major Contractors and Grantees:

USAID activities are implemented through Booz Allen through April 2000. KPMG/Barents Group will implement the activity thereafter. The Academy for Educational Development coordinates participant training.

Performance Data Table

Objective Name: Increased soundness of fiscal policies and fiscal management practices			
Objective ID: 120-012-01			
Approved: 1996-12-07		Country/Organization: Turkmenistan, USAID/CAR	
Result Name: SO 1.2 Increased soundness of fiscal policies and fiscal management practices			
Indicator: General government deficit as a percent of GDP			
Unit of Measure: Percent	Year	Planned	Actual
Source: International Monetary Fund	1995		1.6%
Indicator/Description: Expenditures less revenues as a percent of GDP	1996		1.0%
	1997	0.6%	1.0%
	1998	2.0%	3.0%
	1999	2.0%	1.6%
Comments: This estimate was calculated by the Statistics Department and is unreliable. The government claims that it had a surplus for 1999, but its opening balance for 2000 was zero. The targets were revised given the GOT targets for 2000.	2000	2.0%	
	2001	1.8%	
*This is the last R4 that we will use this indicator.			

Performance Data Table

Objective Name: Increased Soundness of Fiscal Policies and Fiscal Management Practices			
Objective ID: 120-012-01			
Approved: 1996-12-07		Country/Organization: Turkmenistan, USAID/CAR	
Result Name: IR 1.2.2 Government of Turkmenistan (GOT) complied with the International Financial Institutions' conditions.			
Indicator: The Government of Turkmenistan complied with the International Financial Institutions' conditions.			
Unit of Measure: Yes-No-Partial	Year	Planned	Actual
Source: Booz-Allen & Hamilton Inc.			
Indicator/Description: GOT adheres to conditions set forth by the IFIs for additional assistance	1996		N
	1997	P	N
	1998	Y	N
Comments: The Government of Turkmenistan was totally out of compliance with IFI conditions in 1999. There is no agreement with IMF.	1999	Y	N
	2000	Y	
	2001	Y	
*This is the last R4 that we will use this indicator.			

Performance Data Table

Objective Name: Increased Soundness of Fiscal Policies and Fiscal Management Practices			
Objective ID: 120-012-01			
Approved: 1996-12-07		Country/Organization: Turkmenistan, USAID/CAR	
Result Name: IR 1.2.4. Improved budget management			
Indicator: Off-budget expenditures of Consolidated National Budget			
Unit of Measure: Percent	Year	Planned	Actual
Source: Budget Reform Unit, a USAID contractor			
	1997	50%	50%
Indicator/Description: Off-budget share of Consolidated National Budget	1998	30%	5%
	1999	20%	8%
	2000	10%	
	2001	0%	
Comments: The 1999 Mejlis Appropriation included a three-fold increase in GOT entity coverage: 95 percent (up from an estimated 30 percent for the 1998 budget).			
*This is the last R4 that we will use this indicator.			

Performance Data Table

Objective Name: Increased Soundness of Fiscal policies and Fiscal Management Practices			
Objective ID: 120-012-01			
Approved: 1996-12-07		Country/Organization: Turkmenistan, USAID/CAR	
Result Name: IR 1.2.4.2 Government Borrowing is Less Inflationary			
Indicator: Central Bank of Turkmenistan (CBT) Share in Deficit Financing			
Unit of Measure: Percent	Year	Planned	Actual
Source: International Monetary Fund in Turkmenistan			
	1997 (B)	60%	100%
Indicator/Description: Share of CBT credit to the government as a percentage of total deficit financing	1998	50%	98%
	1999	40%	100%
	2000	30%	
	2001	20%	
Comments: The government continues to use the Central Bank's credits to finance its deficit			
*This is the last R4 that we will use this indicator.			

Text for SO b

Country/Organization: Turkmenistan, USAID/CAR

Objective ID: 120-013-01

Objective Name: Accelerated development and growth of private enterprises

Self Assessment: Not Meeting Expectations

Self Assessment Narrative: The Government of Turkmenistan (GOT) failed to adopt a progressive privatization and land reform program. The GOT continues to debate internally on the liberalization of their trade and investment environment. With USAID assistance, only one progressive commercial law (Law on Joint Stock Companies) was enacted in November 1999.

Primary Link to Strategic Agency Framework: 1.1 Private Markets

Secondary Link to Strategic Agency Framework: No Secondary Linkage

Link to U.S. National Interests: Economic Prosperity

Primary Link to MPP Goals: Economic Development

Secondary Link to MPP Goals (optional): Regional Stability

Summary of the SO:

Turkmenistan's state-controlled economy is failing to meet the needs of its citizens. The private sector must grow to improve the standard of living. In 1997, when USAID began work on this objective in Turkmenistan, the private sector generated only 20% of GDP. While reliable figures for 1999 are unavailable, most estimates place this indicator at not more than 25% for 1999. Privatization continues to lag. The government has impeded growth in the private sector by requiring burdensome registration procedures and by limiting access to credit and foreign exchange.

The commercial and official foreign exchange rates were unified in April 1998, implicitly depreciating the official rate by 25%. The GOT continues to control imports by screening access to non-cash foreign exchange auctions. In addition, surrender requirements on hard currency export earnings remain in place, thereby aggravating currency nonconvertibility. In late 1998, the IMF failed to reach an agreement with the government on the terms for a stand-by arrangement. As the general economic situation continued to deteriorate, donors hoped that the government would recognize the need for systematic economic reform policies. Unfortunately, this has not yet occurred.

USAID continues to provide assistance in market-oriented reforms, especially in improving the legal and regulatory environment for private business. This assistance supports the growth of Turkmenistan's small private sector.

Three key results are necessary to achieve this strategic objective: 1) an improved operational environment for private sector growth; 2) improved human resources so as to enhance the functioning of a market economy; and 3) increased availability of and access to capital and technological resources for the private sector.

Key Results:

During FY 1999, the operating environment for the private sector growth was improved slightly, in theory, with the passage of a progressive Law on Joint Stock Companies drafted with USAID assistance. In addition, the GOT established a Government Procurement Unit by Executive Order in the Ministry of Economy and Finance.

In FY 1999, the number of people trained to function in a market economy far exceeded the established target of 400 people. This effort resulted in over 1,200 people that have been trained through seminars, roundtables, or one-on-one encounters. Several activities have contributed to this result including the Trade and Investment activity and Winrock's and IESC volunteers.

In FY 1999, the target for the volume of loan and joint venture funds invested in Turkmenistan was exceeded by almost 70 percent. In addition, a new microcredit activity was launched to supplement CAAEF's SME lending.

Performance and Prospects:

The private sector, outside of agriculture, accounts for less than 10% of GDP. All of the large enterprises – including cotton mills, building material plants, and food processing – remain in the public sector. 280 medium and large enterprises await privatization. This is likely to be difficult, particularly since the GOT sets unrealistically high reservation prices, and limits land ownership rights. The government has yet to adopt a coherent privatization program that would set the stage for rapid divestment. The government interferes in the running of private companies. Company registration remains problematic and government regulation unpredictable.

USAID helped draft a progressive Law on Joint Stock Companies that was enacted in November 1999. Additionally, USAID continued to provide technical assistance to both the Medjlis and various government ministries in drafting amendments to the Foreign Investment Law, Law on Enterprises, Law on Public Register, Law on Trademarks, Law on Protection of inventions, Law on registration, amendments to Customs Code, Law on Customs tariff, and a variety of other commercial laws. Unfortunately, little was adopted by the Parliament in its most recent Session.

With USAID assistance, the GOT established a Government Procurement Unit by Executive Order in the Ministry of Economy and Finance. In theory, this institutionalizes the GOT's commitment to procurement reform, but in practice it probably means little. Finally over the past year, USAID customs assistance has emphasized drafting implementing regulations and policies, in addition to the provision of training at the operational level. While this sounds

positive, there are some significant issues that could hinder prospects for success in the future: 1) the existence of competing state entities involved in privatization whose responsibilities overlap; 2) the lack of a clear political commitment to privatization; and 3) an inadequate legislative and regulatory base for privatization.

USAID suspended its assistance to the government's privatization program in 1999. After numerous efforts to revive the flagging privatization program, USAID has concluded that the GOT has the expertise to carry out current small-scale privatization efforts. USAID also curtailed efforts with the Ministry of Agriculture and Water Resources in implementing agribusiness and land reform privatization after initial collaboration failed to produce mutually acceptable program plans. USAID, in partnership with US Department of Agriculture (USDA), continues to work with the ministry on pest management and crop protection.

Introduction of the needed macroeconomic reform has been slow. An improved business regulatory environment is required before business can grow and expand. USAID has provided business advice to numerous private-sector companies in different sectors, such as bakeries, wool spinners, a poultry farm, a print shop and a private commercial bank. CAAEF continues to make capital available to the Turkmenistan private sector with a business loan program. In addition, a new micro-credit program has been launched.

Possible Adjustments to Plans:

Given the GOT's weak performance in privatization and commercial law reform, USAID intends to focus exclusively on business education and micro-lending activities in the future. USAID new strategy focuses on working with the major institutions of higher education in Turkmenistan to improve the next generation's understanding of a market-oriented economy.

Other Donor Programs:

In addition to USAID's involvement in supporting private sector growth and its development, other donor organizations, including EU-Tacis, UNDP, and EBRD, have similar programs in Turkmenistan. While USAID provides equity and SME lending, the EBRD also is beginning to implement its SME loan program. USAID is the only donor that provides micro lending in Turkmenistan. In addition, USAID complements EU-Tacis in providing advisory services through IESC and Winrock business volunteers and Eurasia Foundation's small sub-grants. USAID is the only donor engaged in the liberalization of the trade and investment environment through the provision of assistance on the prerequisite laws that foster the growth of the private sector.

Major Contractors and Grantees:

USAID activities are implemented through Booz Allen & Hamilton, Central Asian American Enterprise Fund, Mercy Corps International, Winrock International, Eurasia Foundation and International Executive Service Corps. The Academy for Educational Development coordinates participant training.

Performance Data Table

Objective Name: Accelerated development and growth of private enterprises.			
Objective ID: 120-013-01			
Approved: 1996-07-12		Country/Organization: Turkmenistan, USAID/CAR	
Result Name: 1.3 Accelerated development and growth of private enterprises			
Indicator: Increase in private sector GDP market share			
Unit of Measure: Percent	Year	Planned	Actual
Source: European Bank for Reconstruction and Development	1995	0%	15%
	1996	0%	20%
Indicator/Description: Share of GDP generated by private enterprises	1997	0%	25%
	1998	20%	25%
	1999	22%	n/a
Comments: The actual datum for 1997 has been corrected to 25 per cent (up from 20 previously reported). The updated figure has been obtained from EBRD 1999 Transition Report. A datum for 1999 will be available from the EBRD in summer 2000.	2000	25%	
	2001	30%	
* This is the last R4 that we will use this indicator.			

Performance Data Table

Objective Name: Accelerated development and growth of private enterprises.				
Objective ID: 120-013-01				
Approved: 1996-07-12		Country/Organization: Turkmenistan, USAID/CAR		
Result Name: 1.3.1.1 Improved policies, laws, and regulations in place to ensure competition and allow for easy market entry and exit				
Indicator: Critical policies, laws, and regulations that are consistent with international standards are published				
Unit of Measure: Cumulative number		Year	Planned	Actual
		1997	10	4
Source: Trade and Investment Project/Booz-Allen & Hamilton		1998	20	5
		1999	30	6
		2000	50	
		2001	50	
Indicator/Description: Number of policies, laws, and regulations published with drafting and implementation assistance provided by USAID				
Comments: USAID helped draft a progressive Law on Joint Stock Companies that was enacted in November 1999. * This is the last R4 that we will use this indicator.				

Performance Data Table

Objective Name: Accelerated development and growth of private enterprises.			
Objective ID: 120-013-01			
Approved: 1996-07-12		Country/Organization: Turkmenistan, USAID/CAR	
Result Name: 1.3.2 Human resources improved to function in a market economy			
Indicator: Cumulative number of people trained by USAID			
Unit of Measure: trained person	Year	Planned	Actual
	1997	100	98
Source: Trade and Investment Project/Booz-Allen & Hamilton	1998	200	503
	1999	300	839
	2000	400	
	2001	500	
Indicator/Description: The cumulative number of people trained through seminars, roundtables, or one-on-one encounters			
Comments: In 1999, the Project trained government officials in the following areas: customs (operations), trade and investment (policies, laws, and regulations), and privatization (strategies and methodologies).			
* This is the last R4 that we will use this indicator.			

Text for SO c

Country/Organization: Turkmenistan, USAID/CAR

Objective ID: 120-041-01

Objective Name: Special initiatives: Democracy

Self Assessment: Not Meeting Expectations

Self Assessment Narrative: There was progress this year in the growth and strengthening of civic organizations and community groups, with almost a doubling of such organizations. However, the government continues to view all non-governmental organizations with suspicion and has been resistant to registering existing NGOs. The lack of government acceptance of the NGO sector is retarding the growth and constraining the operation of civic organizations. This and the continuing registration problem lead us to conclude that progress is less than our indicator suggests.

Primary Link to Strategic Agency Framework: 2.3 Politically Active Civil Society
(please select only one)

Secondary Link to Strategic Agency Framework:
(select as many as you require)

- | | |
|---|--|
| <input type="checkbox"/> 1.1 Private Markets | <input type="checkbox"/> 1.2 Agricultural Development/Food Security |
| <input type="checkbox"/> 1.3 Economic Opportunity for Poor | <input checked="" type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input type="checkbox"/> 2.2 Credible Political Processes | <input type="checkbox"/> 2.3 Politically Active Civil Society |
| <input type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Education/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Education/Sustainable Development | <input type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input type="checkbox"/> 4.4 HIV/AIDS | <input type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input type="checkbox"/> 5.5 Natural Resource Management | <input type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: Democracy and Human Rights

Primary Link to MPP Goals: Democracy and Human Rights

Secondary Link to MPP Goals (optional): Global Growth and Stability

Summary of the SO:

The special initiative in democracy provides modest assistance to encourage the growth of a civil society sector in Turkmenistan and the acceptance of this sector by the populace and the government. At this time, the government is not willing to make the kind of changes which would justify greater support in democracy assistance. This was reaffirmed this December as parliamentary elections proved to be far from free or fair, and the legislative branch of the government proclaimed the president "leader for life." Nonetheless, it is hoped that modest work with citizens groups and students will open the citizenry and government to new ideas of pluralism and rule of law which will be the basis for civil society in the future.

Key Results:

The number of non-governmental, non-profit civic organizations continued to gradually increase this year. Work with traditional civic networks in communities of Dashoguz vilyet (province) on potable water use continues to indicate that such informal community groups enjoy wide-spread constituency and may be the most sustainable and most tolerated by government. Since July 1999, this work has resulted in the development of 18 new community-based potable water user associations, 96 community meetings about water use management, and 13 meetings between water users associations, local authorities, water plant management and health department representatives. In addition, Turkmen State University began to open their doors to a USAID-funded American rule of law consultant working to develop a law students association and law library.

Performance and Prospects:

While the government of Turkmenistan continues to suspect and resist civil society development, it tolerates the development of a sector of nascent unregistered civic organizations while also appearing to be open to developing a professional class of lawyers who will be responsible for establishing a sounder rule of law in the future. USAID has found that local vilyet and etrap (district) level government officials are the most supportive of the activities of civic organizations and that informal community groups are more tolerated by the government than formal issue-based organizations. Grassroots civic organizations in Dashoguz, Lebap and Balkhan vilyets of Turkmenistan working on community resource sharing, education, and health issues have received the support of their local governments. Furthermore, a civil society resource center funded by USAID has opened over the last year and remains operable in Dashoguz city.

USAID will continue to encourage the development of civic organizations through the establishment of civil society resource centers, especially on the local level and within traditional communities outside the capital city of Ashgabat. In particular, programming will build on the lessons learned from work done with potable water user groups to begin work with civic organizations based in communal apartment blocks.

USAID has met with modest success in working with law students at Turkmen State University. While the beginning of this project was hampered by the government of Turkmenistan's reluctance to work with a USAID grantee until they are registered, the program is now operating while registration is still pending. A USAID-sponsored consultant is lecturing at the law faculty and is meeting with students to organize a student's association. In the next year, this law student Association should become an active organization of youth interested in issues of rule of law. In addition, a public law library should be operating and open to the public in Ashgabat.

Finally, building on this year's conference on international standards for legislation concerning non-governmental, non-profit civic organizations, USAID will continue to dialogue with the GOT's Institute for Democracy and Human Rights, the Ministry of Justice, and representatives of the Majilis on how to improve the legal environment in which NGOs, both local and international, must operate. The issue of registration will be of special importance.

Possible Adjustments to Plans:

As discussed in the new strategy, USAID is planning to incorporate civil society work in Turkmenistan into a regional strategic objective. While the move to establish a strategic objective in Turkmenistan demonstrates the mission's belief that civil society programming can make a lasting impact in the country, the aims of assistance will remain modest, focusing on the development of social capital as the foundation for a more open and democratic culture which respects the rule of law. USAID will also promote the availability of information through a legal resource center and NGO outreach efforts and enhance opportunities for citizen participation in governance through social partnerships between NGOs and local governments.

Other Donor Programs:

Other donors working in the democracy sector are the OSCE, the UN Development Program (UNDP), the United Nations High Committee on Refugees (UNHCR) and the British and New Zealand embassies. All of these organizations provide modest assistance to grass-roots civic organizations and often rely upon USAID-funded grantees to help them administer this assistance.

Major Contractors and Grantees:

Presently, USAID funds the following American NGOs administering assistance in the sphere of civil society development: Counterpart Consortium, a project of Counterpart International assisting in the development of nascent civic organizations; the Initiative for Social Action and Renewal (ISAR) in Eurasia, an organization assisting the development of local environmental NGOs; the American Bar Association/Central and East European Law Initiative (ABA/CEELI) which is organizing a law student association and setting up a legal information center; and Eurasia Foundation which made a small subgrant to establish a school of journalism in the State University. The Academy for Educational Development (AED) coordinates participant training.

Performance Data Table

Objective Name: Special Initiatives: Democracy Initiative				
Objective ID: 120-041-01				
Approved: 1997-10-01		Country/Organization: Turkmenistan, USAID/CAR		
Result Name: Citizen participation in NGOs strengthened.				
Indicator: Increased number of NGOs.				
Unit of Measure: Number of NGOs in the Counterpart Consortium database.		Year	Planned	Actual
		1997		35
Source: Counterpart database.		1998	45	147
Indicator/Description: Number of NGOs in the Counterpart database.		1999	165*	261**
		2000	275	
		2001	295	
Comments:		2002	305	
The significant increase in results for this indicator is due to the increased USAID/CAR civil society programming over the last year. This program only began in 1997.				
* Targets have been adjusted due to higher results than expected in FY98.				
** Including community-based organizations, initiative groups, and GONGOs (Government-organized NGOs).				
At the start of this initiative, simply increasing number of NGOs in Turkmenistan was the main objective. Now, a fair amount of NGOs have appeared in the country despite continuing harrassment by the government.				
Thus, we will no longer report against this indicator. The new strategy will focus on NGO sustainability. Therefore, the next R4 will include the NGO Sustainability Index as a performance data table measuring IR 2.1.1 "Stronger and More Sustainable Civic Organizations."				

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Country/Organization: Turkmenistan, USAID/CAR

Objective ID: 120-041-01

Objective Name: Special Initiatives: Preventive care services made available

Self-Assessment: Not meeting expectations.

Self-Assessment Narrative: We had hoped that TB DOTS, the WHO-approved therapy for TB, would be implemented in one province (velayat) of Turkmenistan in 1999. Difficulties with the Government of Turkmenistan (GOT) set implementation back. The foundation is in place, however, to meet the 1999 target in 2000. USAID's intensive engagement with the Ministry of Health in the past year has created a modicum of trust. Implementation is proceeding, but it is too early to see results.

Primary Link to Strategic Agency Framework:

4.5 Infectious Diseases Reduced.

Secondary Link to Strategic Agency Framework:

- ☐ 3.2 Higher Ed/Sustainable Development
- ☐ 4.2 Infant/Child Health/Nutrition
- ☐ 4.4 HIV/AIDS

- ☒ 4.1 Unintended Pregnancies Reduced
- ☒ 4.3 Child Birth Mortality Reduced
- ☐ 4.5 Infectious Diseases Reduced

Link to U.S. National Interests: Global Issues: Environment, Population, Health

Primary Link to MPP Goals: Health

Secondary Link to MPP Goals (optional): Population

Summary of the SO:

When Turkmenistan became independent in 1991, it was unable to manage the expensive, specialized Soviet health care system. In 1999 the Government announced "Health 2010" which encompasses over a dozen different goals for restructuring health care. Most promising from USAID's perspective is the emphasis on preventive medicine, reorganization of primary health care, and an increase in the proportion of funding devoted to primary health care. The interest in increasing the number of family physicians and the openness to new health finance mechanisms such as fee for service and health insurance are also encouraging. The operating environment in Turkmenistan, an autocratic state, is, however, extremely difficult. The fear of reprisal squelches the free exchange of ideas among professionals within the country and restrictions on travel

impedes exchange with peers in other countries in the region. The lack of a convertible currency and the government's restrictive policies towards non-governmental organizations often stymie implementation. In spite of these difficult conditions, USAID provided limited assistance in reproductive health, infectious diseases and health partnerships and has laid the groundwork for a more intensive program in the coming years. This is significant progress, considering the difficulties other donor organizations have experienced in implementing changes in the health sector and the difficulties our own assistance program faces in other sectors.

Key Results:

Implementation of most of USAID's health assistance is just beginning; thus results are quite modest. A Demographic Health Survey (DHS) will be conducted in 2000, which will provide us with baseline data for evaluating the effectiveness of our reproductive health programming in future.

The Ministry of Health and Medical Industry and USAID have identified two pilot sites for implementation of the Directly Observed Treatment, Short Course (DOTS) strategy. The Government has completed renovations in the proposed infectious disease reference laboratory and the Central Tuberculosis (TB) Hospital in Ashgabat City which was a prerequisite for USAID beginning a hepatitis and a TB control program.

Performance and Prospects:

Progress is uneven in the three areas in which USAID has provided assistance. The greatest success is in health partnerships, where USAID has been active the longest. A previous health partnership program has improved emergency medical care through the establishment of an Emergency Training Center. A new U.S.-Turkmen health partnership, nurtured by the American International Health Alliance (AIHA), has developed a practical, skills-based primary health care curriculum. The direct beneficiaries of the proposed national training program will be the host institution, the Family Medicine Training Center in Ashgabat, and the cadre of local trainers whose clinical and training skills will be sharpened. Doctors and nurses who are involved in primary health care will benefit from continuing education. Quality monitoring systems will need to be developed to ensure that the population, the ultimate customer, is benefiting from improved primary health care as a result. AIHA will also support the establishment of a new Learning Resource Center through this new partnership.

Limited progress has been made in reproductive health care. The Policy Project provided assistance to women's NGOs in Turkmenistan. One such NGO, Assistance to Turkmenistan Area (ATTA) is working in Dashoguz Velayat to promote women's health. Several other local NGOs have also developed innovative community-based reproductive health pilot programs. Implementation of a proposed pilot project in Dashoguz has been hampered by the government's ambivalence about registering potential recipients as non-governmental organizations. In 1999 USAID set the stage for a Demographic and Health Survey to provide information on trends in fertility and indicators of maternal and child health and nutrition. In an autocratic state such as Turkmenistan, successful completion will require active Embassy and USAID support, intensive handholding of counterparts taking the risk to do something new, as well as a measure of good luck.

In infectious disease, the goal is to improve the quality of hepatitis and TB laboratories and to design more efficient and cost-effective surveillance measures. Currently health personnel collect massive amounts of often-useless data on a daily basis. USAID's goal is to help develop an Infectious Disease Reference Laboratory. One of the first areas of cooperation will be an assessment of the disease burden of viral hepatitis. In order to control TB, the initial step is to establish a National Tuberculosis Reference Laboratory in the Central TB hospital in Ashgabat and a pilot site laboratory in the TB Dispensary in Turkmenbashi, Balcan Velayat. USAID will expand the DOTS implementation program to this site. While many Turkmen professionals remain skeptical about TB DOTS, the GOTX renovations of the proposed TB Reference Laboratory are very encouraging.

Possible Adjustments to Plans:

USAID's health program review and subsequent strategy discussions with partners noted that the government is interested in investing in primary health care and has demonstrated interest in the primary health care models USAID has helped develop elsewhere in the region. Therefore the special initiatives, some of which already focus on primary health care, will be integrated into a single, strategic objective, the proposed "Increased Access to Quality Primary Health Care in Select Populations." The Infectious Disease Assessment, which was conducted within the context of this review, highlighted the poor laboratory performance in the country and the threat of hepatitis and TB. These recommendations shaped the infectious disease efforts described above.

The tight scrutiny under which national official's labor and the overall shift of our focus to primary health care argue for increased USAID health assistance at the local level. USAID will consider opportunities in the health sector wherever local governors, such as the Hakim of Dashoguz Velayat, are committed to improving the health standards of their communities.

Other Donor Programs:

The UN Population Fund works in the field of family planning and reproductive health. It's operational support to the POLICY project, which is ending, and to the proposed DHS Survey significantly facilitates implementation. UNICEF is working with water-borne diseases and childhood infectious disease programs in Dashoguz Velayat, which is part of the Aral Sea disaster zone, Peace Corps runs health education programs in rural areas, and Medecins Sans Frontieres (MSF) has a DOTS TB program in the Dashoguz Velayat. As Dashoguz is the proposed site for a USAID regional initiative, good opportunities exist to build on or reinforce the work of all three of these actors.

Major Contractors and Grantees:

The Centers for Disease Control and Prevention and Project HOPE implement a coordinated and unified infectious disease strategy; the American International Health Alliance (AIHA) manages the partnership program, and MACRO/DHS is conducting the Demographic Health Survey.

Performance Data Table

Objective Name: 4.1 Special Initiatives: Family Planning/Reproductive Health				
Objective ID:				
Approved: 1998		Country/Organization: Turkmenistan, USAID/CAR		
Result Name: N/A-Congressionally mandated earmark				
Indicator: Increased number of Women's Resource Centers providing family planning services				
Unit of Measure: Number of Women's Resource Centers		Year	Planned	Actual
		1999	10	0*
Source: PVO/NGO Networks project		2000	Revised -5	
Indicator/Description: Women's centers providing information, education and communication training and linking the MOHMI with PVOs to strengthen family planning		2001	10	
		2002	10	
Comments: *This new activity started in April 1999. Implementation has been slowed due to difficulties in identification of collaborating partner, therefore no actual figures can be reported.				
Original target for 2000 set in last year's R4 was revised due to delay with implementation of the project activities.				

Performance Data Table

Objective Name: Special Initiatives: Infectious Disease			
Objective ID: 120-041-01			
Approved: 1998-01-01		Country/Organization: Turkmenistan, USAID/CAR	
Result Name: N/A Congressionally mandated earmark			
Indicator: Increased number of Districts/Vellayats following DOTS procedure effectively			
Unit of Measure: Number of Districts/Vellayats	Year	Planned	Actual
Source: Centers for Disease Control and Prevention (CDC) in Central Asia and Project HOPE	1999	1	0*
	2000	Revised – 0**	
Indicator/Description: : The Directly Observed Treatment - Short Course (DOTS) procedure for treatment of tuberculosis patients has been approved by the World Health Organization as the most cost effective treatment. DOTS is considered effective in countries which started DOTS implementation recently if at least 75% of smear positive cases convert to smear negative after DOTS therapy.	2001	2	
	2002	2	
Comments:			
* Implementation of DOTS was delayed so there are no results for 1999. Program will be implemented in 2000.			
** Objective comprehensive measurement of the results of DOTS implementation is only available 12-15 months after the beginning of DOTS. Therefore, the results of therapy for TB patients who begin treatment in 2000 will not be available till the end of the year 2001.			

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Training and Exchanges

Training and exchanges remains a critical element for accomplishing the Mission's overall strategic goals, proves to be especially effective when linked to the larger technical assistance effort, and generates new ideas from participants on improving practices in their own countries. Training is particularly important for Turkmenistan where the citizens are cut off from the rest of the world. We are focusing on building human resources for the future by exposing present and potential leaders to new ideas and alternative visions of society. Training and exchanges remains a critical element for accomplishing the Mission's overall strategic goals relevant to the transition to democracy and a free-market economy.

In FY 99, more than 300 decision-makers, professionals and active citizens of Turkmenistan were trained, 120 (35%) of them were women leaders. Eighty Seven percent were trained in country.

Unfortunately in June 1999, the Turkmen government began to require exit visas for all Turkmen citizens. This has made it more difficult for Turkmen citizens to attend U.S.-based and third-country training. We have adjusted our training program to focus more on in-country training activities.

Fortunately, in FY 99 we were able get some Turkmen out of the country for important training in the US. Particularly valuable was the training we were able to provide in epidemiology at the U.S. Centers for Disease Control. This enabled Turkmen health specialists to join with health specialists from the other four republics in analyzing the specific issues in infectious disease in their country. Upon their return, the participants were able to present their analysis to the National Committee on Health and get agreement on the need to focus on hepatitis.